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SUBJECT: RWANDA MONTHLY ECONOMIC REVIEW

Ref: A. Kigali 340  
[1](#)B. Kigali 193

#### DEVELOPMENT PROJECTS / ISSUES

[1](#)1. The High Court recently issued a temporary injunction against Dane Associates, dissolving the Board of Directors of Kibuye Power (KP1) Limited and preventing the company from being party to methane extraction activities at Lake Kivu. Dane has been embroiled in a breach of contract dispute with the GOR on a pilot extraction project (reftel B). The GOR is actively looking for other partners with which to exploit the methane in Lake Kivu.

[1](#)2. Rwanda will be the first among the selected six African countries to expedite the New Partnership for Africa's Development (NEPAD) agricultural development program in the region. The program aims to develop value-added industries under the Strategic Plan for Agricultural Transformation (PSTA) as part of the country's Economic Development and Poverty Reduction Strategy (EDPRS). The six countries that were selected by the Common Market for East and Southern Africa (COMESA) are Rwanda, Ethiopia, Kenya, Malawi, Uganda, Rwanda and Zambia.

[1](#)3. Kigali will host an East African Broadband workshop from May 8-9 with the goal of accelerating deployment of high-speed broadband networks in East Africa.

[1](#)4. Google recently agreed to provide cost-free web-based applications for e-mail, calendar, documents and spreadsheets, messaging and Web page authoring available to government ministries and three colleges in Rwanda (the company announced a similar initiative in Kenya.) Each university and ministry will get its own domain name, and all the applications will be available without advertising. This will save the Rwandans the considerable expense of developing their own e-mail systems, maintaining servers, training staff and buying PC-based software.

[1](#)5. Delegates from 10 countries in the East Africa region gathered in Kigali in March to mark the first River Nile Day, with most discussions focussing on the need to share water resources equitably in order to avoid conflicts. It was organised by the Nile Basin Initiative, an inter-governmental body through which countries discuss equitable and sustainable use of the Nile's waters. Nearly 300 million people depend on the Nile, and the number is expected to double by 2025. Policy makers therefore have made co-operation surrounding the Nile a priority as a means of reducing poverty,

increasing trade, ensuring food security, and developing power and electricity infrastructure. A treaty signed during the British colonial era in 1929, and amended in 1959, guaranteed that nearly 90 per cent of the waters flow to Egypt and Sudan. Upstream countries were required to seek authorization from Egypt to use the Nile's waters. Amendments to the 1959 agreement are under discussion.

#### COMMERCIAL OPPORTUNITIES / SUCCESSES

¶16. SolidWorks Corporation, a US firm, established a local subsidiary to provide sophisticated graphic software in a joint venture with the government, the Kigali Institute of Science and Technology (KIST) and Ecole Technique Officielle (ETO) Gitarama high school. The project is expected to provide the hands-on 3D CAD software training to teach Science, Technology, Engineering, and Math (STEM) principles and enhance engineering enthusiasm in the country.

¶17. Opportunity International (OI), a U.S. faith-based non-profit bank, received a commercial banking license from the Rwandan Central Bank. As a full-service commercial bank, OI has the authority to offer savings, lending, and insurance products. To facilitate its entry into Rwanda, OI acquired one of the largest microfinance institutions in the country, URWEGO, which was sponsored by World Relief.

¶18. Rwanda has been seeking business with Kenya in a bid to open up opportunities for citizens of both countries. A delegation of 42 high profile government officials from Rwanda were in the country last week to launch the Kenya - Rwanda Business Association. Mr. George Kanyonga, Rwandan ambassador to Kenya reported that the formation of Kenya Rwanda Business Association is one way of making East Africa become a common labor market. He said Rwanda is already reviewing its immigration policy to have visas for Kenyans issued free of charge. The association will be spending money on feasibility studies to enable the building of a data bank that will benefit all its members.

¶19. The GOR Privatization Secretariat has completed the pre-qualification of potential strategic airline partners for the privatization of Rwandair Express, selecting Meridiana s.p.a (Italy) and Brussels Airlines (Belgium).

¶110. A Kigali Amusement Park (KAP) project is underway with a projected value of USD 25million after completion, making it supposedly the biggest amusement park in east and central Africa. It is being developed by two leading Rwandan businessmen, Eugene Nyagahene and Thaddeu Musoni. Forever Design based in China provided the master plan for KAP. Another Chinese firm, SBL company will manufacture and install the play rides.

¶111. The GOR, through the Rwanda Investment and Export Promotion Agency (RIEPA), will host the fourth annual Investment Conference from May 28-30.

#### LOAN LOOKOUT

¶112. The Kuwait Fund for Arab Economic Development (KFAED) signed a loan agreement for USD 10 million with the Rwandan Ministry of Finance. This is the sixth KFAED loan to Rwanda. The loan will support social and economic development in the southern and western regions of the country.

¶113. The European Investment Bank has made available USD 13million to finance Rwanda's small and medium enterprise (SME) sector. The loan will be channeled through the Rwanda Development Bank (BRD) and Rwanda Commercial Bank (BCR). This is the first operation of the EIB under the Cotonou Agreement facility. BRD signed its first operation with the Bank in 1983. This partnership is one of a number of strategic relationships that BCR has planned with the purpose of supporting SME growth and development SME growth and development oriented projects.

#### MACROECONOMIC INDICATORS

¶114. Exports from Rwanda to China increased more than 89 percent between 2005 and 2006 to just over USD 20 million with exports for December 2006 alone totalling about USD 1.6 million dollars. According to statistics from the Chinese General Administration of Customs, Rwanda earned USD 21,888,000 for the period January-December 2006 representing a percentage increase of 89.8 percent of revenue in the same period of 2005. During the same

period, Rwanda imported USD 12,406,000 from China, showing a 3.3 percentage increase from 2005.

15 Rwanda and Burundi will be formally be incorporated into the East African Securities Exchanges Association (EASEA), but initially as observers only, since they do not yet have stockmarkets. This will provide access to more capital, thereby attracting portfolio investors. Uganda, Kenya and Tanzania have been working toward establishing a joint stock exchange market, the East African Stock Exchange (EASE), and the admission of Rwanda and Burundi will be a major boost. When the EASE becomes operational, Rwandan and Burundian companies operating in the two countries will be able to list on it.

16 As described in reftel A, the IMF completed its second review of Poverty Reduction Growth Facility program, reporting little change from previous reviews and remaining cautiously positive about Rwanda's future.

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